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CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 34

**Introduced by Assembly Member Steinberg Members
Steinberg and Baugh**

(Principal coauthor: Assembly Member Baugh)

**(Coauthors: Assembly Members Alquist, Calderon, Cedillo,
Gallegos, Hertzberg, Honda, Jackson, Keeley, Kuehl,
Lowenthal, Mazzoni, Romero, Strom-Martin, Thomson,
and Washington)**

**(Coauthors: Senators Alpert, Baca, Chesbro, Johnston,
Perata, and Solis)**

December 7, 1998

An act to amend Sections 5802, 5806, and 5814 of the Welfare and Institutions Code, relating to mental health, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 34, as amended, Steinberg. Mental health funding: local grants.

Existing law provides for the allocation of state funds to counties for mental health programs.

This bill would make various statements of legislative findings and intent regarding the need to provide sufficient funds to counties for adult mental health and related services.

Existing law requires the State Department of Mental Health to establish service standards relating to mental health services. These standards are required to include, among other things, plans for services and evaluation strategies.

This bill would also require these standards to include coordination and access to related medications, substance abuse services, housing assistance, and vocational rehabilitation services.

The bill would also provide for planning grants and service expansion grants to counties for adult mental health programs.

The bill would appropriate funds to provide planning grants and expansion grants for counties with significant populations of homeless mentally ill persons through the 2006–07 fiscal year.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of
2 the following:

3 (a) Presently there are no financial incentives for
4 counties to increase the number of people they serve with
5 severe mental illness.

6 (b) County dollars are generally fixed, so that
7 treatment of a higher than expected number of Medi-Cal
8 recipients, who are entitled to treatment by the county,
9 reduces the amount of funds available to serve other
10 individuals.

11 (c) Counties should be provided an amount of funds to
12 establish systems of care for severely mentally ill adults,
13 and provide mental health services and related
14 medications, substance abuse services, housing assistance,
15 vocational rehabilitation, and other nonmedical
16 programs necessary to stabilize homeless mentally ill



1 persons, get them into regular treatment, and off the
2 streets.

3 (d) When people who suffer from severe mental
4 illness do not have access to the services they require they
5 frequently wind up in the criminal justice system.
6 However, those who receive extensive community
7 treatment are hardly ever incarcerated. The Department
8 of Corrections is expending \$400 million annually for the
9 incarceration and treatment of people suffering from
10 severe mental illness. In addition, the Department of
11 Corrections and the criminal justice system are
12 responsible for the placement of more than 3,000 of the
13 total of approximately 4,500 persons in the state mental
14 hospitals, for an additional annual state cost of over \$300
15 million.

16 (e) People suffering from severe mental illness
17 receive sentences that are six times longer than those
18 received by others convicted of the same crimes.

19 (f) There are no funds or programs that ensure that
20 people suffering from severe mental illness can receive
21 the treatment they need.

22 (g) Increasing funding for an adult mental health
23 system of care will pay for itself many times over in
24 reduced Department of Corrections, criminal justice
25 system, and local law enforcement expenditures for
26 people with severe mental illness.

27 SEC. 2. Section 5802 of the Welfare and Institutions
28 Code is amended to read:

29 5802. (a) The Legislature finds that a mental health
30 system of care for adults and older adults with severe and
31 persistent mental illness is vital for the success of mental
32 health managed care in California. Specifically:

33 (1) A comprehensive and coordinated system of care
34 includes community-based treatment, outreach services
35 and other early intervention strategies, case
36 management, and interagency system components
37 required by adults and older adults with severe and
38 persistent mental illness.

39 (2) Mentally ill adults and older adults receive service
40 from many different state and county agencies,

1 particularly criminal justice, employment, housing,
2 public welfare, health, and mental health. In a system of
3 care these agencies collaborate in order to deliver
4 integrated and cost-effective programs.

5 (3) The management of the risk for persons with
6 severe mental illness and related financial risks is
7 important for all levels of government, business, and the
8 community.

9 (4) System of care services which ensure culturally
10 competent care for persons with severe mental illness in
11 the most appropriate, least restrictive level of care are
12 necessary to achieve the desired performance outcomes.

13 (5) Mental health service providers need to increase
14 accountability and further develop methods to measure
15 progress towards client outcome goals and cost
16 effectiveness as required by a system of care.

17 (b) The Legislature further finds that the integrated
18 service agency model developed in Los Angeles and
19 Stanislaus Counties and the countywide systems model
20 developed in Ventura County, beginning in the 1989–90
21 fiscal year through the implementation of Chapter 982 of
22 the Statutes of 1988, provides models for managing care
23 for adults and older adults with severe mental illness that
24 are vital to the implementation and success of the mental
25 health managed care plan in California, and have
26 successfully met the performance outcomes required by
27 the Legislature.

28 (c) The Legislature also finds that the system
29 components established in these three programs can be
30 replicated and expanded to additional clients in order to
31 provide greater benefit to adults and older adults with
32 severe and persistent mental illness at a lower cost in
33 California.

34 (d) Therefore, using the guidelines developed under
35 the demonstration projects implemented under the adult
36 system of care legislation in 1989, it is the intent of the
37 Legislature to accomplish the following:

38 (1) Encourage each county to implement a system of
39 care as described in this legislation for the delivery of



1 mental health services to seriously mentally disordered
2 adults and older adults.

3 (2) To promote system of care accountability for
4 performance outcomes which enable adults with severe
5 mental illness to reduce symptoms which impair their
6 ability to live independently, work, maintain community
7 supports, care for their children, stay in good health, not
8 abuse drugs or alcohol, and not commit crimes.

9 (3) Maintain funding for the existing programs
10 developed in Los Angeles, Stanislaus, and Ventura
11 Counties as models and technical assistance resources for
12 future expansion of system of care programs to other
13 counties as funding becomes available.

14 (4) Provide sufficient funds for counties to establish
15 outreach programs and to provide mental health services
16 and related medications, substance abuse services,
17 housing assistance, vocational rehabilitation, and other
18 nonmedical programs necessary to stabilize homeless
19 mentally ill persons, get them off the street, and into
20 treatment and recovery.

21 SEC. 3. Section 5806 of the Welfare and Institutions
22 Code is amended to read:

23 5806. The State Department of Mental Health shall
24 establish service standards that ensure that members of
25 the target population are identified, and services
26 provided to assist them to live independently, work, and
27 reach their potential as productive citizens. These
28 standards include but are not limited to:

29 (a) A service planning process that is target
30 population based and includes the following:

31 (1) Determination of the numbers of clients to be
32 served and the programs and services that will be
33 provided to meet their needs. The local director of
34 mental health shall consult with the mental health board,
35 contract agencies, family, client, ethnic and citizen
36 constituency groups as determined by the director.

37 (2) Plans for services including outreach, design of
38 mental health services, coordination and access to
39 medications, substance abuse services, housing assistance,
40 and vocational rehabilitation services. Plans shall also

1 contain evaluation strategies, which shall consider
2 cultural, linguistic, gender, age, and special needs of
3 minorities in the target populations. Provision shall be
4 made for staff with the cultural background and linguistic
5 skills necessary to remove barriers to mental health
6 services due to limited English speaking ability and
7 cultural differences.

8 (3) Provisions for services to meet the needs of target
9 population clients who are physically disabled.

10 (4) Provision for services to meet the special needs of
11 older adults.

12 (5) Provision for family support and consultation
13 services, parenting support and consultation services, and
14 peer support or self-help group support, where
15 appropriate.

16 (b) Each client shall have either a clearly designated
17 mental health case manager or a multidisciplinary
18 treatment team who is responsible for providing or
19 assuring needed services. Responsibilities include
20 complete assessment of the client's needs, development
21 of the client's personal services plan, linkage with all
22 appropriate community services, monitoring of the
23 quality and followthrough of services, and necessary
24 advocacy to ensure each client receives those services
25 which are agreed to in the personal services plan. Each
26 client shall participate in the development of his or her
27 personal services plan, and responsible staff shall consult
28 with the designated conservator and, with the consent of
29 the client, consult with the family and other significant
30 persons as appropriate.

31 (c) The individual personal services plan shall ensure
32 that members of the target population involved in the
33 system of care receive age, gender, and culturally
34 appropriate services, to the extent feasible, that are
35 designed to enable recipients to:

36 (1) Live in the most independent, least restrictive
37 housing feasible in the local community.

38 (2) Engage in the highest level of work or productive
39 activity appropriate to their abilities and experience.



1 (3) Create and maintain a support system consisting of
2 friends, family, and participation in community activities.

3 (4) Access an appropriate level of academic education
4 or vocational training.

5 (5) Obtain an adequate income.

6 (6) Self-manage their illness and exert as much control
7 as possible over both the day-to-day and long-term
8 decisions which affect their lives.

9 (7) Access necessary physical health care and
10 maintain the best possible physical health.

11 (8) Reduce or eliminate antisocial or criminal
12 behavior and thereby reduce or eliminate their contact
13 with the criminal justice system.

14 (9) Reduce or eliminate the distress caused by the
15 symptoms of mental illness.

16 (10) Reduce or eliminate the harmful effects of alcohol
17 and substance abuse.

18 SEC. 4. Section 5814 of the Welfare and Institutions
19 Code is amended to read:

20 5814. (a) This part shall be implemented only to the
21 extent that funds are appropriated for purposes of this
22 part . To the extent that funds are made available, the first
23 priority shall go to maintain funding for the existing
24 programs developed in Los Angeles, Stanislaus, and
25 Ventura Counties.

26 (b) As funds become available, this program shall be
27 expanded to provide training and funding for counties
28 with significant populations of homeless mentally ill
29 persons consisting of both of the following types of grants:

30 (1) Planning grants for new counties to create, and for
31 existing system of care counties to expand, an adult
32 system of care that meets the requirements of this part.

33 (2) (A) Four-year service expansion grants in
34 accordance with a contract between the state and
35 approved counties that provides a formula for annual
36 increased funding reflecting net increases in the total
37 annual number of severely mentally ill adults, as
38 described in Section 5600.3, who receive extensive
39 community mental health services in at least four
40 consecutive months.

1 (B) The formula incentive funding provided pursuant
2 to subparagraph (A) shall be sufficient to provide mental
3 health services, medically necessary medications to treat
4 severe mental illnesses, alcohol and drug services,
5 housing assistance, vocational rehabilitation, money
6 management assistance for accessing other health care
7 and obtaining federal income and housing support, and
8 stipends to attract and retain sufficient numbers of
9 qualified professionals as necessary to provide the
10 necessary levels of these services. These grants shall,
11 however, pay for only the portion of the costs of those
12 services not likely to be provided by federal funds or
13 other state funds.

14 (C) Grants provided pursuant to subparagraph (A)
15 shall include provisions measuring the base level of the
16 number of people suffering from severe mental illness
17 who are arrested and serve in jail, prison, or a state
18 hospital as a result of their arrest in the applicable county,
19 and measuring how the grant and increased mental
20 health services provided by the grant reduces the portion
21 of criminal justice system resources required to be
22 expended on people with severe mental illness. *Grants*
23 *shall also include a projection of the number of persons to*
24 *be served annually. Beginning in the 2002-03 fiscal year,*
25 *funding shall be based upon each county's successful*
26 *demonstration that the county has served the number of*
27 *adults projected for the prior fiscal year.*

28 (D) Four-year program expansion grants provided
29 pursuant to subparagraph (A) may be renewed upon
30 their expiration, provided that the applicant county
31 demonstrates to the satisfaction of the department that
32 the services provided are successfully reducing the
33 unmet mental health need and providing for reduction in
34 the amount of law enforcement, criminal justice system,
35 and state corrections expenditures that would otherwise
36 be expended upon persons with severe mental illness
37 from the applicable county in accordance with a process
38 included in the grant for measuring these reductions and
39 setting forth benchmarks for reducing the expenditures
40 as mental health expenditures increase. The benchmarks

1 for reduction in incarceration rates shall require each
2 county to reduce incarceration rates by 20 percent or
3 more over the four-year period. ~~However, an individual~~
4 ~~county contract may specify a different measure if there~~
5 ~~are known circumstances making it difficult for that~~
6 ~~county to obtain a 20 percent reduction even if all of the~~
7 ~~best practices are utilized.~~ In reviewing a county program
8 for renewal of a grant, the department may approve the
9 renewal even if the performance benchmark is unmet if
10 the department finds that the county program is
11 successfully stabilizing more people with severe mental
12 illness, improving the community by reducing
13 homelessness, and achieving the maximum feasible
14 reduction in incarceration of people with severe mental
15 illness.

16 (E) In any county in which the director determines
17 the program has not resulted in a reduction of criminal
18 justice expenditures in accordance with the previous
19 four-year grant, the director may limit the funds available
20 for a continuation of the grant, or an expansion of the
21 grant, or impose other conditions upon the grant in order
22 to improve the performance of the county in reducing
23 the incarceration of people suffering from severe mental
24 illness.

25 ~~(F) Commencing in the 2004-05 fiscal year~~ *On or*
26 *before November 1, 2001,* and annually thereafter, the
27 director shall report to the Legislature regarding the
28 impact of grants funded pursuant to this section in
29 reducing the incarceration of people suffering from
30 severe mental illness, *and make recommendations to the*
31 *Legislature regarding how counties can improve their*
32 *performance and whether state policies regarding severe*
33 *mental illness should be changed. The director may*
34 *establish standards and a reporting format for county*
35 *reports to the director on annual progress toward*
36 *attaining expansion grant goals.*

37 (G) If the director determines pursuant to
38 subparagraph (E) that the funding levels set forth in
39 Section 5 of the act adding this subparagraph are not
40 adequate to meet the need, the director shall indicate the

1 anticipated additional funding required and the funding
2 in the 2007–08 fiscal year and subsequent fiscal years may
3 be increased by amounts not to exceed fifty million dollars
4 (\$50,000,000) in any one subsequent fiscal year, provided
5 that the total appropriations in any one fiscal year shall
6 not exceed five hundred million dollars (\$500,000,000).

7 SEC. 5. (a) The sum of three million dollars
8 (\$3,000,000) is hereby appropriated from the General
9 Fund to the State Department of Mental Health. Five
10 hundred thousand dollars (\$500,000) shall be allocated for
11 training, by or through the programs established
12 pursuant to subdivision ~~(a)~~ *(a)*. *Five* hundred
13 thousand dollars (\$500,000) shall be allocated for training
14 to counties in homeless outreach to be offered through an
15 organization with significant success with homeless
16 outreach programs, and two million dollars (\$2,000,000)
17 shall be allocated for grants to counties for
18 implementation of paragraph (1) of subdivision (b) of
19 Section 5814 of the Welfare and Institutions Code during
20 the 1999–2000 fiscal year.

21 (b) The sum of fifty million dollars (\$50,000,000) is
22 hereby appropriated from the General Fund for the
23 2000–01 fiscal year to the State Department of Mental
24 Health for implementation of paragraph (2) of
25 subdivision (b) of Section 5814 of the Welfare and
26 Institutions Code.

27 (c) A sum not to exceed one hundred million dollars
28 (\$100,000,000) is hereby appropriated for the 2001–02
29 fiscal year from the General Fund to the State
30 Department of Mental Health for implementation of
31 paragraph (2) of subdivision (b) of Section 5814 of the
32 Welfare and Institutions Code.

33 (d) A sum not to exceed one hundred fifty million
34 dollars (\$150,000,000) is hereby appropriated for the
35 2002–03 fiscal year from the General Fund to the State
36 Department of Mental Health for implementation of
37 paragraph (2) of subdivision (b) of Section 5814 of the
38 Welfare and Institutions Code.

39 (e) A sum not to exceed two hundred million dollars
40 (\$200,000,000) is hereby appropriated for the 2003–04

1 fiscal year from the General Fund to the State
2 Department of Mental Health for implementation of
3 paragraph (2) of subdivision (b) of Section 5814 of the
4 Welfare and Institutions Code.

5 (f) A sum not to exceed two hundred fifty million
6 dollars (\$250,000,000) is hereby appropriated for the
7 2004–05 fiscal year from the General Fund to the State
8 Department of Mental Health for implementation of
9 paragraph (2) of subdivision (b) of Section 5814 of the
10 Welfare and Institutions Code.

11 (g) A sum not to exceed three hundred million dollars
12 (\$300,000,000) is hereby appropriated for the 2005–06
13 fiscal year from the General Fund to the State
14 Department of Mental Health for implementation of
15 paragraph (2) of subdivision (b) of Section 5814 of the
16 Welfare and Institutions Code.

17 (h) A sum not to exceed three hundred fifty million
18 dollars (\$350,000,000) is hereby appropriated for the
19 2006–07 fiscal year and an equal amount is hereby
20 continuously appropriated for each fiscal year thereafter
21 from the General Fund to the State Department of
22 Mental Health for implementation of paragraph (2) of
23 subdivision (b) of Section 5814 of the Welfare and
24 Institutions Code.

25 (i) The State Department of Mental Health shall
26 allocate to counties, from the amount appropriated
27 pursuant to subdivision (a), for the first year of initial
28 grants to counties, the amount projected by each county
29 that would be required to fund first-year costs pursuant
30 to paragraph (2) of subdivision (b) of Section 5814 of the
31 Welfare and Institutions Code. If the total of the
32 projected first-year costs of all counties exceeds the
33 maximum appropriation, each county shall receive a
34 percentage of the maximum appropriation equal to that
35 county's percentage of the total projected costs for all
36 counties.

37 (j) The amounts appropriated to the State
38 Department of Mental Health, in subdivisions (b) to (h),
39 inclusive, for the second and all subsequent fiscal years of
40 funding for expansion of the county mental health

1 programs pursuant to Section 5814 of the Welfare and
2 Institutions Code, shall be allocated to counties based on
3 the actual amounts due under the contract with the
4 applicable county for the actual net increases in the
5 number of persons served during the prior fiscal year,
6 adjusted by the amount that the allocation to the county
7 in the prior fiscal year was greater or less than the amount
8 required to fund the county for the actual increase in
9 number of persons served. If the total amount of the
10 allocations to all counties would exceed the maximum
11 allowable appropriation for that year, each county shall
12 receive a percentage of the maximum appropriation
13 equal to that county's percentage of the total costs for all
14 counties for that year. If the allocations to counties are
15 reduced, the balance of each county's costs may be paid
16 to that county in the following fiscal year to the extent
17 funds are available.

